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WEEKLY SUMMARY

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FAR EAST

Communist negotiators in Paris have indicated both in public and private that they are ready for serious discussions. Withdrawal of US forces is Hanoi's primary interest, but the Communists maintain that military and political problems must be considered together. Hanoi's spokesmen also uniformly stress that the present Saigon government must be replaced by a "peace cabinet."

Stepped up Communist attacks in South Vietnam during the past week were presumably intended to project an image of strength as the new US administration took office and new meetings began in Paris.

President Thieu plans to make some changes in the South Vietnamese cabinet within the next month or two to strengthen the government while it participates in the Paris talks. He mainly wants new men in ministries that deal with the domestic economy. Prime Minister Huong will apparently stay.

The usual secrecy with which political affairs are being carried on in Peking has raised suspicions that major, unpublicized shifts are taking place. Peking is full of rumors about ferment within the inner circle of leaders. It is likely that the ninth party congress now may be postponed until late spring; Mao is said to have favored a meeting as early as February.

In Laos, the military situation was generally quiet this past week. Only patrol and light probing activity occurred as the Communists prepare for the next round of their dry season offensive.

Violence at Japanese universities may develop into a major challenge to Prime Minister Sato's government. Mounting public concern stems not only from the breakdown of order that has disrupted operations at 50 schools throughout the country but also from the very real threat to students' careers posed by the violence. The most radical student agitators are using the struggle with school authorities to test tactics for their planned campaign of violence against extension of the US-Japan security agreement in 1970.

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VIETNAM

Communist negotiators in Paris again this week displayed a readiness to move into substantive talks as soon as possible. Their performance at the procedural meeting on 18 January furthered the impression that the Communists believe the time is ripe for taking up the specifics of a negotiated settlement. The Communist side refrained from delaying tactics, readily agreed to compromises on procedures, and proposed that the new meetings get under way immediately.

Influential members of the Hanoi delegation in Paris have privately begun to pass the word that the Communists are prepared for serious and constructive discussions about both political and military matters. They tell friendly journalists that they are prepared to be flexible and reasonable, and that they will entertain suggestions and "package deals" from all sides. They stress that withdrawal of US forces is Hanoi's first and primary interest, but Ha Van Lau recently indicated that military and political problems must be considered simultaneously.

These Hanoi spokesmen also uniformly stress that the present Saigon government must be replaced by a "peace cabinet." Their tactics clearly are designed to isolate the South Vietnamese Govern-

ment, both from its own constituency and from Washington, by portraying the leadership in Saigon as the only obstacle to peace. The spokesmen are suggesting bluntly that it is in the US interest to change the composition of the South Vietnamese Government and that progress in the negotiations probably will hinge on such change. This propaganda campaign is being authoritatively expounded as Communist strategy in the coming months and it is accompanied by strenuous efforts to step up pressures on the Thieu-Ky regime.

Political Developments in South Vietnam

President Thieu is planning to make some cabinet changes within the next month or two to strengthen the government while it participates in the Paris talks. He mainly wants to put new men in charge of ministries such as agriculture and public works that deal with the domestic economy. reportedly is less concerned about those ministries dealing with security matters, such as defense and foreign affairs. Although rumors of such impending cabinet changes are fairly widespread in Saigon, Thieu is keeping his cards close to his chest.

Prime Minister Huong has some powerful critics, including Vice

President Ky, but he apparently will stay. Thieu trusts Huong and has developed a good working relationship with him, and Thieu wants to minimize any appearance of instability at the top.

Ky is expected to return to Paris for the beginning of the substantive meetings there. He may, however, stay for only a week or so because he would like to be in Saigon to exert more influence when any new appointments are made.

Although Thieu and Huong seem to agree that men with more political prestige should be brought into the government, it will be difficult to find such men who also possess the necessary administrative abilities. The field of prospective appointees will be further narrowed by the requirement that they help the government's ongoing effort to reduce corruption, especially in those ministries dealing with the domestic economy.

Thieu hopes to strengthen the government's position in the countryside by staging elections for some local officials. All villages and hamlets having temporary administrative committees in the relatively secure and contested areas are scheduled to hold popular elections to choose new local officials. These would be the first such local elections to be attempted since early 1967.

Ground action picked up considerably during the week as the Communists staged mortar and rocket barrages and small ground probes in several parts of the country.

The attacks were presumably intended to project an image of



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Communist strength as the new US administration took office and the new meetings began in Paris. The Communists probably also hope that these actions will help them regain the initiative in the countryside, where allied pacification efforts have been making progress in recent months.

The main weight of the enemy attacks was felt in the provinces northwest of Saigon. From 16 to 19 January, nearly 25 separate shellings were reported against allied outposts in Tay Ninh Province alone. Elsewhere, there were a number of mortar and rocket attacks and the Communists probed several US and South Vietnamese installations near Da Nang, Ban Me Thuot, and Loc Ninh with sapper attacks.

Allied casualties, 196 US and over 300 South Vietnamese soldiers killed in the week ending 18 January, were higher than in recent weeks, even though many enemy barrages were executed hurriedly. Damage caused by the attacks was generally light except in the delta, where more

than 60 US helicopters were damaged or destroyed by Viet Cong mortars. The Communists are relying mainly on such shellings in the current offensive phase and, in an apparent effort to conserve manpower, have not committed any large main force units to ground assaults. Nevertheless, enemy losses for the week, about 2,700 dead, were higher than they have been for nearly two months.

Although some have reported that the Communists intend to follow up the recent attacks with thrusts at Saigon and other major cities, they do not appear to be in position to carry out such an offensive soon. III Corps, main force regiments continue to edge closer to Saigon but allied spoiling operations are causing them considerable difficulties. The Communists are capable of launching strong assaults in northwest III Corps with little warning, however, and there are persistent reports of enemy attempts to infiltrate sappers and agitators into Saigon and other cities.

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COMMUNIST MILITARY ACTIVITY IN LAOS IS IN A LULL

The military situation is quiet as the Communists prepare for the next round of their dry season offensive.

Only light skirmishing and patrol activity has taken place during the past week near the Bolovens Plateau, where the heaviest fighting of the two-month-old Communist offensive has taken place. North Vietnamese battalions remain dug in around Ban Thateng, but no effort has been made to bring additional pressure on the base's tired defenders. Heavy air strikes and government guerrilla operations are helping to keep back the Communists; the North Vietnamese may not be willing to run the risk of another costly all-out assault.

In the north, small numbers of Communist troops have been probing outlying government positions defending the key guerrilla base at Na Khang. The guerrillas have responded by clearing the enemy from some positions which were able to hit the base's airstrip with mortars, while a government spoiling operation south of the base has temporarily blunted a Communist push between Na Khang and the Plaine des Jarres.

Meanwhile, the Pathet Lao mission in Vientiane received some rough treatment last weekend. Upset over the embarrassing ease with which the Communists blew up a major ammunition dump outside the capital last week, Vientiane commander General Kouprasith had a grenade thrown into the Pathet Lao compound and several Pathet Lao security troops severely beaten.

It is not clear whether Prime Minister Souvanna sanctioned these activities, although he apparently has formally asked the International Control Commission to request the withdrawal of the Pathet Lao from Vientiane. It seems likely, however, that cooler heads will eventually prevail and the harassments will be called off. The Pathet Lao, who have suffered similar abuse in the past, have asked for increased protection from the control commission, but so far give no evidence of wanting to quit the capital.

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CHINA 25X1 NaKhang Plaine des Jarres THAILAND Ban Thateng Government-held location Communist-controlled territory **Bolovens** Contested territory Plateau 25X1 CAMBODIA 93598 1-69 CIA

Student Strife Poses Hazards for Japanese Government

Violence at Japanese universities may develop into a major challenge to Prime Minister Sato's government.

Radical factions of the Zengakuren, a leftist student confederation, regard the struggle with university authorities over educational policies and administration as only a preliminary skirmish in their battle with the Japanese "establishment," their main target. In provoking campus disorders throughout the current academic year, Zengakuren militants are testing tactics for their planned campaign of violence against the extension of the US-Japan security agreement in 1970.

A long-standing rivalry within Zengakuren has again erupted into a bitter power struggle between those supporting the Japan Communist Party and those backing more extreme Trotskyite In an effort to isolate tactics. their radical rivals, pro-Communist Zengakuren factions have joined with politically neutral, moderate elements of the student body in seeking an accommodation with school authorities. Thus far, however, the Trotskyite factions have prevented any easing of the situation.

Students are currently disrupting normal operations in some 50 schools throughout the country, including Kyoto and Tokyo universities; the latter is Japan's most prestigious educational institution. Public concern is increasing because of the breakdown of order at the schools and the very real threat to students' careers posed by the wave of violence. Although the police successfully quelled disorders at Tokyo University last weekend, the school has been heavily damaged and the government has been forced to cancel examinations for the next freshman class.

The importance which the Japan Communist Party attaches to gaining control of the student movement was underlined by the party's heavy funding of the pro-Communist student group at Tokyo University and the personal direction by Secretary General Miyamoto of the students' tactics during the disturbances. By calling for an end to the confrontation with school authorities, the factions controlled by the JCP are seeking to create a moderate and responsible image for the Party to strengthen its influence among students, intellectuals, and the general public.

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CONFUSION MOUNTS IN PEKING

Political affairs in Peking are being conducted with unusual secrecy, raising suspicions that major, unpublicized shifts are taking place. The inner circle of leaders around Mao Tse-tung continues to be out of public view; they have not made a collective appearance since the National Day period last October. Peking is full of rumors about ferment within this group.

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all top leaders, except Mao and his chief inquisitor Kang Sheng, confessed to errors at a rally held in early January to mark "the beginning of the conclusion of the Cultural Revolution." Defense Minister and heir apparent Lin Piao said that people had been purged who should not have been, and all major figures there, including Mao's wife, admitted that mistakes had been made in the Cultural Revolution. The intent of these statements presumably was to lay the groundwork for reversing the main thrust of the Cultural Revolution and closing it out. To underscore this point, one speaker reportedly produced at the rally was former party general secretary Teng Hsiao-ping, who has been frequently reviled in official propaganda, along with the "villainous" Liu Shao-chi, as a "top party person taking the capitalist road."

The symbolic rehabilitation of Teng, who was stripped of authority in the summer of 1966, would encourage other party officials victimized during the Cultural Revolution to seek redress.

Arguments over possible rehabilitations and other contentious issues may have forced postponement of the ninth party congress. Mao Tse-tung is said to
have personally favored holding
the congress in February and preparations for a meeting at an early
date continue to be noted. Some
reports, however, state that the
date has now been put back--possibly until late spring.

Recent outbreaks of fighting have been reported from several provinces where order was restored last fall. The renewed fighting presumably is a direct reflection of political struggles going on at the provincial level. These struggles were muted last fall, when Peking was insisting on a show of unity, but were never far below the surface. It is likely that top men in the central government have been too preoccupied in recent weeks with their own disagreements to keep the lid on provincial disputes and, as a result, open conflict has broken out in some areas.

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PEKING IMPROVING ITS COASTAL DEFENSE FORCES

Communist China is continuing to improve its coastal defense forces by building new hydrofoil gunboats of native design. Production is now under way, and some of the new patrol boats-designated the Shan-tung-probably will be deployed with coastal defense forces later this year. The Shan-tung may have a top speed of about 50 knots and probably will gradually replace slower motor gunboats built until the early 1960s.

Testing of hydrofoil boats of unique Chinese design began several years ago. Hydrofoil torpedo boats, designated as Hu-chwan, have been in series production since at least 1966, and about 65 have been deployed to the three fleet areas.

Both the Shan-tung and the Hu-chwan are equipped only with

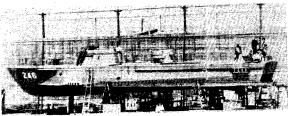
forward foils and can perform better than nonhydrofoil craft. They can operate at high speeds in moderately rough seas and remain relatively stable while doing so. In time, the Chinese may incorporate this principle on other types of small coastal defense craft.

The Chinese coastal defense force, charged with defending against raids and attacks and protecting China's coastal shipping and fishing fleets, has improved steadily since the early 1960s. By the early 1970s, the force will be equipped with several hundred modern patrol craft, including the hydrofoil gunboats and torpedo boats, guided missile patrol boats, and fast patrol boats.

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High-Speed Hydrofoil Patrol Boats Constructed by Chinese



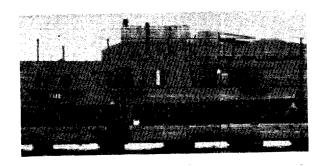


HU-CHWAN

45-55 Knots Max. Speed Length 73 Ft. 14 Ft. Beam Displacement 45 Tons

2-21 In. Torpedoes Armament

2-twin 14.5 mm.guns



SHAN-TUNG

Max. Speed Length Beam Displacement Armament

40-50 Knots About 85 Ft. About 18 Ft. **About 65 Tons** 2-37mm. guns 1 Poss. 25 mm. gun

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EUROPE

The Soviet leaders returned from vacations this week to face a variety of problems. The situation in Czechoslovakia—where the popular temper seemed close to getting out of control—has put the Soviet policy of slowly applying political pressure to a severe test. Thus far, Soviet occupation troops have stayed clear of direct involvement, but there was some evidence that they had made themselves ready if called upon.

Meanwhile, Moscow issued a relatively warm greeting for the new US administration. It took the opportunity to publicize again Soviet readiness to discuss a limitation on strategic arms.

The shock of the week was the shooting in Red Square which took the sheen off a highly publicized ceremony designed to emulate the US welcome of its astronauts. Facts on the shooting are few, but since the bullets hit the second car in the parade rather than the open first car carrying the cosmonauts, the target may actually have been the Soviet leaders. There is no evidence to refute Soviet claims that this was the act of a single individual, but repercussions may be broad. Not the least of these will be the damper it puts on Soviet propaganda exploitation of similar events in the US.

The timing of planned Warsaw Pact and CEMA summit meetings is still up in the air. The most recent story, provided by the Polish ambassador in Bucharest, has the Pact meeting taking place by the end of January with the economic summit to follow at a later but unspecified date. The CEMA Council and Executive Committee began meetings in East Berlin on 21 January. They will probably try to accommodate the divergent views of members on economic integration in order to prepare for the summit meeting.

President de Gaulle promptly spiked rumors that he might step down by announcing that he intends to remain in office until his term expires in 1972. The rumors had been set off by former premier Pompidou's statement that he would be a presidential candidate when the general retires.

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NATO DEFENSE MINISTERS REACH ONLY LIMITED AGREEMENT

It was clear at the NATO defense ministers' meeting in Brussels last week that the Czechoslovak crisis has not overcome allied inertia. Although the 14 participating governments approved NATO force levels through 1973 and the establishment of an oncall naval force for the Mediterranean, they left a number of substantial problems unresolved.

Despite their support for the on-call naval force, the allies agreed only "to remand for further consideration" the crucial issue of its control. Most of them were ready to adopt "activation procedures" similar to those which govern the existing on-call force for the Atlantic, where an ally may take limited initial action under NATO auspices without prior collective approval.

The Canadians,

insisted the new force must be subject to allied political control at all times inasmuch as it would serve largely as a "political gesture" demon-

strating allied solidarity.

Most of the allies pledged some defense improvements for the 1969 period beyond what had been envisaged before the invasion of Czechoslovakia, but none were particularly interested in improving mobilization and reinforcement procedures. Britain's Defense Secretary Healey, moreover, raised questions about the real value of further conven-

tional contributions. Apparently to improve his image as a "good European" he repeated the view-point so often heard on the continent that NATO would in fact have to resort to tactical nuclear weapons soon after the outbreak of a major conflict.

Somewhat paradoxically, he also echoed a familiar German refrain calling for a complete assessment of relative NATO - Warsaw Pact capabilities before any change in allied troop levels. The Germans, whose support London seeks in its drive to get into the Common Market, have recently stressed the need for this in an effort to delay consideration of mutual NATO - Warsaw Pact force reductions.

Healey also used the occasion to promote the idea of a European caucus for NATO, which Britain has long supported as a means of improving its ties with the conti-His efforts to please everybody, however, may have created new complications. an effort to allay German fears over a possible fragmentation of NATO he proposed that any future European grouping be expanded to include Greece and Turkey as well as the Scandinavian NATO members. In so doing, however, he abandoned the original concept of the caucus as a meeting ground for EEC members and those countries which had applied for This in turn may membership. lead to greater diversity in the purposes envisioned for the European grouping and perhaps a duplication of NATO agencies and activities. 25X1

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DIPLOMATIC ACTIVITY FOR A MIDDLE EAST SETTLEMENT MOUNTS

There has been increased diplomatic activity for a political settlement in the Middle East, amid some signs that Arab expectations of an imminent Israeli attack are diminishing.

France suggested last week that the Security Council representatives of the US, UK, USSR, and France meet later this month to study ways to implement the Council's Middle East resolution of 22 November 1967. The French note singled out the Soviet "peace plan" of 30 December as one subject of the big-power talks. Paris has been pushing for four-power action since the 1967 war, hoping to play a major role in any Arab-Israeli political settlement.

The Soviet Union quickly agreed to attend, although Moscow probably still favors bilateral talks with the US. The French proposal would accommodate Arab interests, however, and a Soviet diplomat in Paris told the US deputy chief of mission there that Moscow had accepted "to please" the French.

Actually, the Soviets would view British and French participation in any discussion of a settlement as a way to put additional pressure on Israel as well as the US. Britain's interest in the reopening of the Suez Canal, and France's wish to score diplomatic points in the Arab world are not lost on the Soviet Union. Above all, Soviet prestige would be

greatly enhanced if such talks led to a softening of the Is-raeli position.

On the same day that the Soviets accepted the French proposal, they called in US, UK, and French diplomats to pass along an Iraqi report of an imminent Israeli attack, and to query the Western nations on Israeli intentions. The Soviets may have been playing on tensions to elicit a favorable response to their "peace plan," and the French suggestion for four-power talks. Recent Israeli military exercises probably also contributed to the sharp in-

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In any event, claims of an Israeli buildup are unfounded, and there are some indications that the tenseness in the Arab countries is easing.

crease in Arab nervousness.

information.

is not clear to what extent the

Iraqi report was based on Soviet

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SOVIETS PRESS BONN ON ELECTION PLAN

The Soviets have stepped up their diplomatic pressure on Bonn and the Allies in an effort to get West Germany to back down on its choice of West Berlin as the site for the election on 5 March of a new federal president. Moscow, at this stage, appears primarily interested in playing upon West German and Allied differences over the issue.

The familiar Soviet practice of differentiating between the Allies has been evident, beginning with the low-key oral protests on 23 December to the US, British, and French ambassadors in Moscow. The statement to France was even more moderate than those given the US and UK. It softened a reference to the possibility of retaliatory measures by adding that the Soviets preferred that events not move in that direction. A Soviet Foreign Ministry official casually mentioned the election again when the Franco-Soviet "Grande Commission" met in Paris earlier this month.

The Soviet ambassador in East Berlin rhetorically asked the outgoing US ambassador to Bonn why the US permitted Bonn to use the election to sow discord between Moscow and Washington. He gave an impression of Soviet restraint, but did not exclude a "strong reaction" to the event.

The Soviets were also evenhanded in contacts with the West Germans in Moscow and Bonn. They reiterated their objections to the election, but hinted as well at an improved dialogue with Bonn on other matters, including a civil air agreement and the exchange of declarations on nonuse of force.

As the election date draws closer, Moscow's protests grow stronger. The Soviets told West German Foreign Minister Brandt on 10 January that the election would "aggravate relations" between Bonn and Moscow. On 14 January they asked the British ambassador in Bonn to intercede with Brandt and to warn him that the election was likely to provoke Soviet reprisals.

The Soviets seemed concerned during these contacts that Bonn might misinterpret the lack of harassment of West German political and parliamentary meetings in Berlin last fall. Moscow clearly fears that its forbearance at that time has been read in the West as Soviet acquiescence in West German activities designed to demonstrate Bonn-Berlin ties.

A factor certain to weigh heavily in Moscow's plans will be its assessment of the new US administration's attitude toward the election and the effect of serious Berlin troubles on the US-Soviet dialogue Moscow is seeking.

In the end, the Soviets may settle for some West German political concession to "counterbalance" the election. An East European diplomat suggested that Bonn might find in its civil air talks with Moscow an opportunity to win Soviet tolerance of the election.

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CZECHOSLOVAK POPULAR PROTESTS POSE DOMESTIC CRISIS

Dubcek and his colleagues have become embroiled in a potentially dangerous situation as a result of anti-Soviet demonstrations which may reach a climax in the next few days and get out of control. Student demonstrations between 18-20 January and an alleged suicide pact among Czechoslovak youths, who intend to set themselves ablaze to protest Soviet interference in domestic affairs, ended a period of relative calm in Czechoslovakia.

Thousands of disaffected youths, joined by some workers and university officials, marched on 20 January in memory of Jan Palach, a 21-year-old student who committed suicide by fire to protest censorship and the continued existence of an illegal pro-Soviet publication. His martyrdom has aroused the entire population, sparking other protests and bringing more demands.

Palach will be given a hero's funeral on 25 January--apparently a concessionary gesture by the regime--and be buried in an exclusive area alongside the country's greatest composers, intellectuals, and writers. The ceremony, which may draw as many as 100,000, will attract youths from all over the country who are intent on demonstrating in Prague. Three other self-immolation attempts--even though apparently for personal rather than political reasons--have added to popular tensions.

Top party and government leaders, who met with university officials in an effort to mollify the students, must come up with some type of compromise satisfactory

to the students, or face the possibility of other suicide attempts and demonstrations.

In an attempt to discourage further public gatherings, the popular and respected President Svoboda has warned that riots and strikes could cost thousands of lives and could bring down the Dubcek leadership. Premier Cernik branded some of the student actions "antisocialist" and said that the security police would have to clamp down on any anti-Soviet disturbances. Defense Minister Dzur implied that the armed forces were ready to put down any outbursts.

The students, who have the support of the workers and the intellectuals, met with trade union officials this week to coordinate future activities. The student actions thus far have been nonviolent, but the authorities can no longer count on this to continue. The unexpected return to Czechoslovakia of two popular progressives—economist Ota Sik and former writers' union president Goldstucker—may have some positive effect on efforts to calm the students.

The Soviet press reported the first immolation on Tuesday with brief news items. It also charged that "antisocialist forces" were trying to exploit the situation, and quoted Czechoslovak officials as saying that the demonstrations were "directly contrary" to normalization efforts. Pravda said, however, that the Czechoslovak leadership was determined to take stern

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action to quash further disturbances. This formulation carried an implicit warning that Prague had better do just that and the Soviets are keeping a close eye on the situation. Thus far there has been no reaction

by Soviet troops in Czechoslovakia but that prospect is always present if the situation should get out of the control of the Czechoslovak authorities.

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SOVIETS MOVE TOWARD SPACE STATION CAPABILITY

The docking of two manned spacecraft, the testing of new equipment for extravehicular use, and the transfer of crewmen from one spacecraft to another during the flight of Soyuz 4 and 5 last week demonstrated the capability of the Soyuz vehicle to participate in future operations related to manned orbital space stations. In addition, the Soyuz spacecraft itself is now ready to be used as a small space laboratory.

Without resupply, a single manned Soyuz probably could remain in orbit for approximately 40 days. Two vehicles linked together—another possible configuration for a small Soviet space laboratory—could sustain three men in orbit for about three

months without resupply.

space station could be resupplied by other Soyuz craft, thereby extending the lifetime of an orbiting laboratory. By mid-1971, the Soviets probably will be able to orbit a large space station (on the order of 50,000 pounds) capable of remaining in orbit for much longer periods, and the Soyuz could be used to resupply it.

The Soyuz 4 and 5 operation was the first time that the Soviets have undertaken a manned flight in mid-winter with the recovery of the cosmonauts coming in subzero temperatures.

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Polish Party Chief Deals With Nationalist Challenger

Gomulka is moving to reduce the power and influence of his main rival, the hard-line nationalist, Mieczyslaw Moczar. Personnel changes in conservative provincial party organizations and the reported ouster of various supporters from the Interior Ministry probably reflect Moczar's reduced influence in the ministry he once headed.

Rumors concerning Moczar's troubles peaked last week when his absence from public view for more than two weeks prompted the story that he was under house arrest. He appeared on 17 January, however, to address a meeting of the Warsaw regional veterans' congress. Deputy Interior Minister Tadeuz Pietrzak, who was also rumored last week to be in trouble, was re-elected chairman of the Warsaw veterans' organization. Moczar appeared again at a ceremonial occasion on 18 January.

The removal of Moczar's supporters reportedly began last month following a speech by Ryszard Gontarz, an anti-Semitic journalist in the Interior Ministry.

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Gomulka is said to have established an investigatory committee headed by Kliszko immediately after the meeting to deal

with the dissidents.

All of the individuals rumored to be in trouble in the Interior Ministry are known as strong anti-Semites, suggesting that the pressure on Jews that followed the Arab-Israeli crisis in 1967 may be relaxed. A further indication that the Moczar-led anti-Semitic campaign may be waning is the comparatively light sentences given two Warsaw University lecturers who were charged with having encouraged the student riots last March.

These events probably signal further efforts by Gomulka to regain and consolidate some of the power which Moczar and his forces wrested from him last year. Gomulka may be successful in finally settling some old scores with those hard liners who openly sought to depose him, but it remains to be seen whether he can, or wishes to, move against Moczar himself, and thus mar the image of postcongress unity within the leadership. Moreover, Gomulka must obtain at least the tacit support of the younger generation, whose representatives he allowed to join the leadership at the congress. Some of these new men, while now indebted to Gomulka, probably would not support an open move against Moczar. [

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MIDDLE EAST - AFRICA

Rumors persist in the Arab capitals that Israel is planning a new attack, despite a complete lack of any specific indications of such activity. The most vociferous rumormongers are the Iraqis, who have cast themselves in the role of the most militant of the Arab states. In Lebanon, Premier Rashid Karami has at last put together a cabinet. As anticipated, the new government's initial utterances have a pronounced flavor of Arab militancy.

Pakistan's new united opposition movement had some success last week in its first attempt to stage nationwide protests. In West Pakistan, turnouts were sizable and peaceful; in Dacca, East Pakistan, police moved in to prevent the marches from getting under way and clashed with rebellious students in the process. Student rioting continued in Dacca for four days. Further trouble is expected when President Ayub visits the eastern wing in early February. Some possibility of government-opposition compromise may be in the wind

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The Shah of Iran's recent visit to India satisfied the desires of both governments to make a diplomatic splash in regional affairs. In the Persian Gulf area, however, Arab leaders have been slow to respond to the more moderate posture the Shah has adopted since his meeting with Saudi King Faysal.

Extremist acts are continuing intermittently in Turkey, and unless the government pushes its new "get tough" policy, the situation probably will become increasingly violent. During the past week, leftist student demonstrators in Istanbul burned an American flag, and the following day a bomb was exploded at the US military headquarters in Ankara. US Sixth Fleet units scheduled to visit Istanbul next month will almost certainly become the target of leftist protest actions.

In Nigeria the Biafran relief issue continues to exacerbate anti-US feelings.

On 21 January at Kinshasa, the French-oriented African and Malagasy Common Organization (OCAM) began its annual foreign ministers' working conference, which will be followed on the 27th by a gathering of heads of state. The 14-country grouping has been buffeted by squabbles among central African members, and two countries have declined to be represented at Kinshasa. The conference is primarily concerned with economic matters, however, and political problems will probably be glossed over in order to produce the usual facade of unity.

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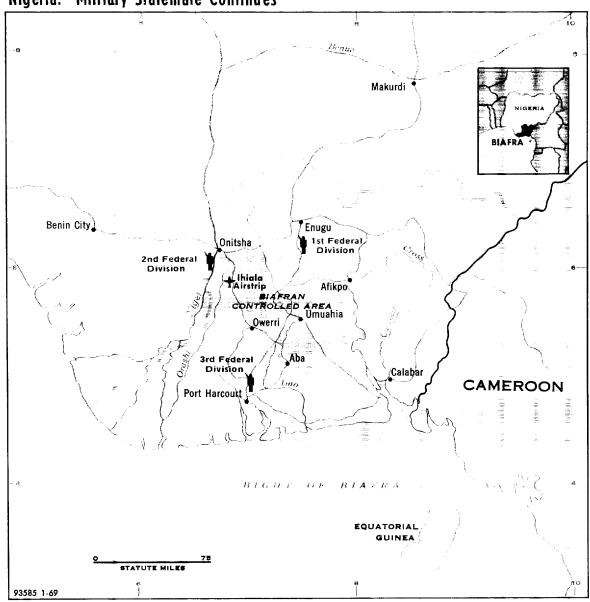
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ANTI-US SENTIMENT GROWING IN NIGERIA

Developments in the Biafran relief issue have resulted in growing anti-US sentiment in Nigeria and could well place further strains on US-Nigeria relations. In the

civil war, a new federal offensive is pending, but it appears unlikely to lead to an early break in the military stalemate.

Nigeria: Military Stalemate Continues



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In a recent meeting with the US ambassador in Lagos, federal leader Gowon denounced all foreign relief bodies and stressed that although he understood the US position, the Nigerian people regard US support for relief to the Biafrans as aid to the secessionists. Last week the Nigerian Government leaked to the press a report of a US note which the Nigerians said "demanded" the resumption of Red Cross relief flights from Equatorial Guinea to Biafra. This leak almost certainly added to anti-US sentiment.

Suspicion of US intentions runs especially high in northern Nigeria, homeland of those now in control of the federal government. An official of one of the northern state governments, referring to the US provision of eight aircraft to Biafran relief bodies, recently told the US consul in Kaduna that Nigerians were shocked at this "un-

expected and sudden change in US policy in Nigeria." In the Western State, where an anti-US demonstration followed the announcement of the provision of the relief aircraft, anti-US sentiment is particularly high in Ibadan University. A group of teachers and students there publicly denounced an unnamed US diplomat--presumably the US consul--for being "insultingly overbearing in his campaign of denigration and blackmail against Nigeria."

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India Intends to Strengthen Its Helicopter Force

India hopes to have a multimission helicopter force of about 300 aircraft by the mid-1970s. At present there are about 175 helicopters in the Indian Air Force used mainly for transporting equipment and for carrying out resupply missions.

The impetus for an expanded helicopter force comes largely from the Indian Army, which wants helicopters for armed reconnaissance and troop transport. The army believes that helicopters will provide a better capability to cope with tribal rebellions in the northeastern border areas. Part of the existing helicopter fleet may be converted to serve initially in these new roles. Over the longer term, a strengthened helicopter force would also improve India's capabilities in the event of incidents with Pakistan or Communist China.

India is seeking helicopters in the US and the UK. Official interest has been expressed in

Transport Helicopters	Utility Helicopters	.
Light MI-4 Hound (Soviet) 107	Alouette III (French)	50
UH-19 (US) 5	OH-13H (US)	12
Amphibious S-62B (US)		

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the US Huey Cobra attack and reconnaissance helicopter, the Chinook all-weather transport and assault support helicopter, and the Hughes OH-6A light observation and liaison aircraft. India is also continuing to negotiate with the USSR for military equipment and Soviet MI-8 helicopters are among the items of interest.

In addition, India plans to modify some of its present helicopters—probably some of its Soviet MI-4s and its French Alouettes—to carry the AS-11 missile, an air-to-surface version of the French SS-11 antitank guided missile. The Indians ordered about 3,600 SS-11s from France in 1963 for use on helicopters and tanks. Some have been installed on tanks, but none are known to be on helicopters.

The largest helicopter in the Indian Air Force is the Soviet MI-4, which the Indians have found to be inadequate for transporting heavy equipment. The much smaller Alouette is manufactured in India under a license granted by France in 1964. Of the 100 units called for in the contract, only about 15 have been produced to date. India acquired 35 of its present Alouettes through direct purchase from France.

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INDIA AND IRAN MUTUALLY BENEFIT FROM SHAH'S VISIT

The Shah's recent state visit to India has given more impetus to the gradual broadening and deepening of Indo-Iranian relations. The 12-day visit, which included talks in New Delhi and a carefully staged week-long tour of India, capped a series of highlevel Indo-Iranian exchanges over the last year.

The Indians have been cultivating Iran since early 1967 as a means of undermining the relatively close Iranian-Pakistani relationship. The Shah, desiring to redress the asymmetry in Iran's relations with India and Pakistan and to establish his credentials as a statesman, has been cautiously responsive.

The Indians gave the Shah a plush red carpet treatment which he found "fantastic." On policy matters, they played down Iran's continuing support for the UN resolutions on Kashmir, Iranian membership in CENTO, and the Shah's close personal relationship with President Ayub Khan of Pakistan-all major irritants in their cool relations in the past.

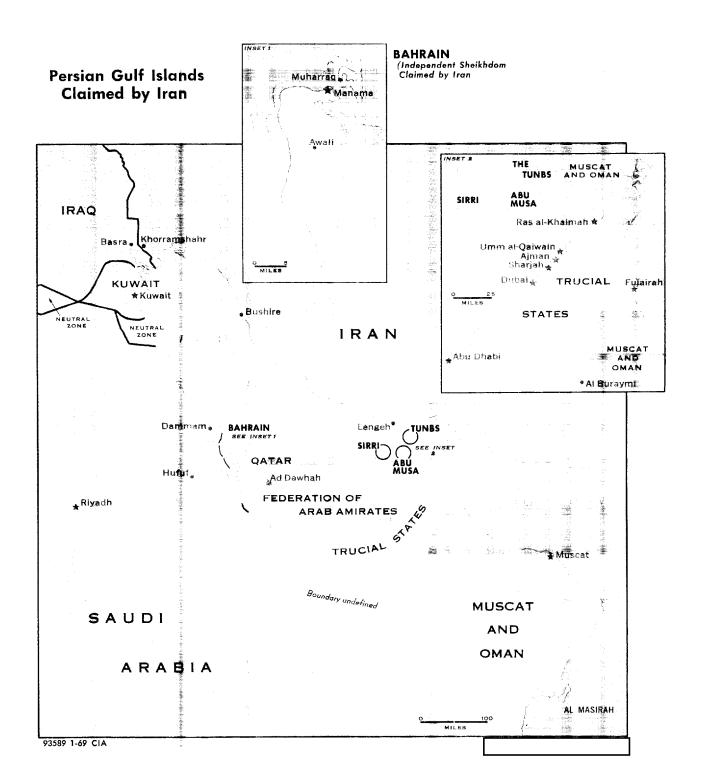
Early in the visit, the Shah publicly offered his good offices to help improve Indo-Pakistani relations. Pakistan's response was favorable, but the Indians gently turned him down on the basis of their long-standing position that these matters should be handled on a strictly bilateral basis. The Indians did, however, at the risk of damaging their highly valued relations with the Arabs, recognize that

the "preservation of peace and stability in the Persian Gulf is the exclusive responsibility of the littoral states." The Shah, in turn, in the final communiqué, recognized the pre-eminence of bilateral negotiations in the settlement of international issues--undoubtedly a gesture much appreciated in New Delhi.

On the economic front, it was agreed that "immense" possibilities exist for closer collaboration, especially in the petrochemical field. Closer cooperation in science, technology, and industry were prominently mentioned as a means of hastening economic growth in the region. A joint ministerial commission is to be established to consider these and other areas of cooperation.

The Shah's visit to India appears to have been successful for both sides. For the Indians it represented a major and largely symbolic step toward wooing Iran away from the embrace of Pakistan. It is also part of larger efforts by India to mend its neglected diplomatic fences with neighboring states and to establish a more influential Indian role within Asia. For the Shah, whose approach to world and regional problems impressed the Indians, it was an important exercise in balancing his relations with two antagonistic neigobors and in establishing his image--especially in nonaligned circles--as a regional and world statesman.

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SHAH AWAITS ARAB RESPONSE TO PERSIAN GULF GAMBIT

The Shah has indicated publicly, for the first time, a willingness to compromise on Iran's claim to the island of Bahrain, but little concrete progress has been made toward resolving territorial conflicts among the riparian states of the Persian Gulf.

During a 4 January press conference in New Delhi, the Shah stated that Iran would not use force to settle the Bahrain issue, and that he would accept the "will of the people of Bahrain" on the island sheikdom's future. The Shah carefully avoided any reference to a plebiscite

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The Shah's trial balloon has produced almost no public reaction from Arab capitals, although it undoubtedly reinforced Saudi Arabian King Faysal's optimism that the Iranians are indeed searching for a compromise in the Persian Gulf.

The mutual understanding generated during the Shah-Faysal meetings last November has not, however, moved the parties any closer to agreement on the status of Bahrain or the other Persian Gulf islands claimed by Iran. two monarchs reportedly agreed then that a boundary line drawn through Persian Gulf waters might provide a solution, and that a conference, including representatives of Kuwait, Iraq and the Federation of Arab Amirates would be required to hammer out such a boundary line.

The conference has not yet been organized. Iraqi officials

were reluctant to concede any Iranian role in the "Arabian" gulf. The Shah's distrust of the shaky Iraqi Government might make him skeptical of their participation in the conference in any case.

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ECONOMIC PROSPECTS WORSEN IN TURKEY

A gloomy balance of payments outlook, compounded by the effects of severe flooding in the south, increases the urgency for crucial but politically difficult economic readjustments that probably will slow the economy's growth. Although Turkey assured its foreign aid donors last month that it would take decisive action, it remains to be seen whether policies can be altered sufficiently, especially during this election year.

The Turkish economy continues to expand at a rapid pace, but only by relying on large amounts of foreign aid to finance a level of imports that Turkish exports cannot pay for completely. These inflows also enable Ankara to cope with its burdensome foreign debts. Although sufficient aid was forthcoming last year for both purposes, the principal aid donors have decided to reduce their assistance substantially this year and during the early 1970s.

Domestic measures taken by Ankara thus far--new excise taxes, import restrictions, export incentives--are not expected to be strong enough to bring about the improvement in the balance of payments that will be necessary in view of the prospective decline in aid. Major additional measures will therefore be needed to dampen the high demand for imports, probably causing some

slowdown in the economy's rate of growth. With national elections due next October, the government will find it impolitic to call for sacrifices and will be tempted to promise the population a great deal more than the economy can deliver.

Before pledging aid for 1969. Turkey's principal foreign aid donors met last month to review the country's economic policies and requirements. The outcome was almost unanimous in its criticism of Ankara's economic guidelines, and the aid donors were equally dubious about immediate prospects. Although the government promised a rise in taxes, other criticisms and questions of the consortium regarding the prospects of the economy went largely unanswered by the Turkish delegation. As a result, the consortium decided to meet again early this spring.

Since the December meeting, Turkey's serious foreign exchange shortage has become even more acute because of the devastating floods in an important industrial and agricultural area in the southern part of the country. Extensive damage to wheat fields as well as to oil, textile and power production facilities will necessitate a rise in imports both to compensate for lost output and to rehabilitate the area.

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WESTERN HEMISPHERE

On 18 January, Bolivian President Barrientos declared a nationwide state of siege, purportedly to thwart a plot against his government. He has since admitted that the declaration was just one of his preventive gimmicks designed to keep potential troublemakers off balance. Most Bolivians consider the state of siege another of Barrientos' occasional erratic lapses, and opposition to the decree has been negligible.

After several months of relative tranquility, labor unrest is again becoming a problem for the Uruguayan Government. One worker was killed and several were injured on 21 January when civil servants demonstrating for payment of their back wages clashed with police in Montevideo. Security forces should be able to contain such demonstrations, but continued labor conflicts are likely as the government has not alleviated the workers' legitimate wage complaints.

Guyana's opposition party, the United Force, has filed a court case to void the results of the elections last December which gave Prime Minister Burnham a majority government. The suit argues that the elections were unconstitutional because the electoral courts did not have proper control over the procedures. Leaders of the United Force apparently have decided not to press the suit on the basis of fraud, but instead to pin their hopes on having the case heard by the United Kingdom's privy council on constitutional grounds.

Chilean President Frei has proposed a constitutional revision that would considerably enhance the power of the executive relative to congress. The two key parts of his proposal would permit the President to dissolve congress and call new elections once during his term, and to enact his basic economic-social program by decree during the early part of his term. These provisions would bypass obstacles of the type the opposition-controlled Senate has placed in the way of Frei's legislative program, but they would not take effect until after Frei leaves office in 1970.

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PERU TAKES NEW ACTION AGAINST IPC

Peru's military government has placed an embargo on the remaining assets of the International Petroleum Company (IPC) and may be preparing to expropriate them. IPC has been warned that unless it makes full payment by the end of January of \$15 million it allegedly owes the state petroleum company, assets covering that amount will be confiscated.

This latest action results from a dispute over the price the IPC is to pay for oil products it draws from the expropriated Talara refinery for use in its distribution system. Refusing to recognize the state's ownership of the refinery expropriated last October, IPC has stated that it will pay only the "direct costs of production," an amount considerably less than it was billed. Ostensibly it was to obtain full payment of this bill that the government froze IPC's remaining assets and placed military overseers in the company's major installations.

IPC's remaining
assets will be expropriated regardless of whether IPC pays the
bill.
a dramatic expropriation is being
planned to coincide with the arrival of a Soviet trade delegation later this month. The So-

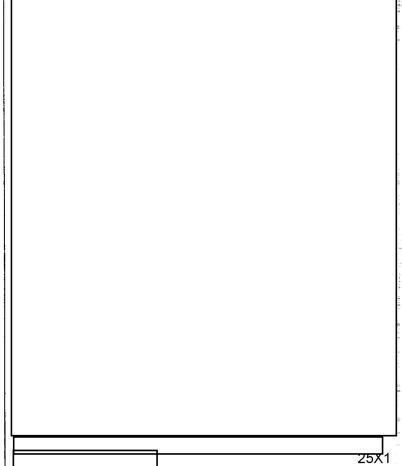
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viet mission is expected to sign agreements providing long-range credits for Peruvian industrial development, possibly including an agreement to modernize the Talara refinery. The two countries are also expected to announce soon the establishment of diplomatic relations.

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COLOMBIAN LABOR DIFFICULTIES CONTINUE

The diversity of Colombian labor and political factions seeking advantage from civil and labor disturbances limited the success of strikes on 22 January. However, the Lleras government's problems with labor are not solved. Although the issues of higher bus fares and other living expenses have stirred wide public reaction, the self-interest of ambitious non-Communist labor leaders as well as of Communists and supporters of ex-dictator Rojas reduced the strikes to only partially effective stoppages in the cities of Medellin and Cali.

The government took extensive security measures following the first violent demonstrations in Cali in early January. Simultaneously, it began negotiations on labor demands with national labor organizations, including the large Communist confederation. President Lleras in two television addresses appealed to Colombians not to destroy their country's hard-won image of stability, vital to its progress and their own well-being, and warned unions and priests of the grave consequences of disorder.

President Lleras reportedly is considering legal recognition of the Communist labor confederation, possibly out of pique over the attitude of non-Communist union leaders who disagree among themselves but are all opposed to Lleras' labor policies. Lleras' early charges of subversive in-

fluence in the current disturbances have been muted and major Colombian newspapers

have been

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playing down the role of the Communists.

Orthodox Communist labor leaders have been playing a deliberately cautious role in the strike call, seeing danger both in appearing to follow the lead of the non-Communist organizations and in being blamed if the government should decide to crack down. Aided by its youth group, the Communist Party organized agitation meetings and a tack-spreading campaign to disrupt traffic.

Followers of ex-dictator Rojas Pinilla hope to foment labor unrest from behind the scenes, taking care not to be identified. They believe that the current agitation could weaken the coalition government and improve Rojas Pinilla's chances in the 1970 presidential elections.

President Lleras' warning to priests highlights the growing vocality of the so-called "revolutionary" group within the Colombian Catholic Church, traditionally the most conservative in Latin America. The activities of this group invoke the name of Camilo Torres, a defrocked Colombian priest who joined the guerrillas and was killed while fighting with them in early 1966.

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PANAMA - COSTA RICA BORDER SITUATION EASING

The small Panamanian guerrilla bands near the Costa Rican border have continued their insurgency against the military government. Costa Rican authorities, however, may have damped down the smoldering border situation for the present.

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The insurgents have had limited success thus far, apparently because Panama's provincial military force has not been aggressive in pursuing them, but instead has retaliated against local farmers with threats and harassment.

the national guard's repressive tactics have led to strong antigovernment sentiment in this rural area, Panama's principal agricultural region.

The guerrillas reportedly have suffered reverses during clashes with guard patrols. Nevertheless, popular sympathy for the movement may provide enough support to sustain continued guerrilla attacks against isolated military outposts in the absence of effective government counteraction.

In other developments, the governing junta has refused to reopen the National Institute, Panama City's largest secondary school, after leftist student agitation provoked the guard into using tear gas to disperse the students. The school will probably remain closed until the guard leaders implement their educational "reforms" and feel sufficiently secure to allow students to return.

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